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Michigan State Police Evaluate Police Package Vehicles

Story begins on page 6

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NAFA's Operating Expense Survey:

Fleets Pay 6.61¢ per car per mile

Average operating expenses declined in 1986 after a sharp increase in 1985, according to the results of NAFA's Annual Operating Expense Survey. In 1986, operating expenses totalled 6.61 cents per car per mile; in 1985, the figure was 9.32 cents. Included in the 1986 total were per car per mile average expenses of 4.3 cents for fuel, 0.17 cents for oil, 0.40 cents for tires and tire repairs, and 1.74 cents for repair and maintenance. All these figures decreased from the previous year.

Two major U.S. leasing companies who shared their operating expense figures with NAFA put their totals at: fuel — 4.37 and 4.13 cents; oil — 0.10 and 0.12 cents; tires and tire repairs — 0.31 and 0.33 cents; repair and maintenance 1.42 and 1.58 cents, and total operating expenses — 6.20 and 6.16 cents.

Fleet Demographics

The 1987 Operating Expense Survey garnered responses from 102 United States fleets responsible for 173,240 vehicles, of which 104,746 are company-owned and 68,494 are leased. Publication of this report was delayed to permit a more representative response; this survey represents more fleets and more vehicles than in previous years.

The most prevalent type of vehicle in responding fleets is mid-size cars (77,331), followed by light-duty trucks (36,124) and compact cars (34,948). Responding fleets said they also had 9,600 large cars, 8,599 mini-vans and 4,270 subcompact cars. There were 2,368 vehicles included in the survey that respondents did not classify in any of the above categories.

The mean (total number of vehicles divided by the number of respondents) fleet size of those included in the survey was 1,698, while the median (the number which, when all answers are listed from high to low, has exactly 50 percent above and below it) fleet size was 724. The largest fleet responding had 11,034 vehicles, and the smallest had 30 vehicles.

The average (mean) vehicle in this survey was driven 2,044 miles each month: 1,735 miles for business and 309 for personal use. The median vehicle had 2,019 miles put on it each month; 1,719 for business and 300 for personal use.

Total incidental expenses for 1986 increased slightly more than $5 over 1985 as each component, except parking and tolls and miscellaneous, saw increases. In 1985, incidental expenses totalled $57.63; this year they were $62.65. (One leasing company did not supply NAFA with average incidental expenses and another included several items in their incidental expenses which NAFA does not include, making comparison unrealistic.)

The largest increase in this year's survey was in the standing expenses category. Depreciation reserves increased by nearly $60, interest on money used for payment of owned fleets more than doubled from last year, and depreciation adjustments (a credit) were almost $10 less than last year. Perhaps because additional survey mailings were

Number of Vehicles in Fleets Reporting
United States Fleets
102 Respondents

Company Owned	104,746
Leased	68,494
Total	173,240

Mean Fleet Size	1,698
Median Fleet Size	724
Minimum Fleet Size	30
Maximum Fleet Size	11,034

Composition of Responding U.S. Fleets

Subcompact	Compact	Mid-Size	Large	Trucks	Vans
4,270	34,948	77,331	9,600	36,124	8,599

U.S. vehicle total has 2,368 vehicles unaccounted for.

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Operating Expense Survey

(Continued from page 12)

required, respondents may have filled out the forms based on monthly figures for July or August, when used car sales are slower than normal. With slower sales, fleets get less money for their used vehicles, thus their depreciation adjustments (i.e. credits) are lower and their standing expenses are higher.

All told, standing expenses went from last year's $215.78 to the current $320.72 per car per month. (The two leasing companies' average total standing expenses were $297.32 and $312.47.)

Total credits for personal use and extra equipment decreased from $51.99 in 1985 to $49.39 this year. The leasing companies showed figures of $58.59 and $45.16 for these items.

This year, we converted each cents-per-mile figure into a dollars-per-month total to give you another means of comparison. Similarly, there are now two Net Expense Totals given: the total on page 16 includes operating, incidental and standing expenses, less credits, and is given in both cents/mile and dollars/month; the total on page 20 includes only incidental and standing expenses, less credits, and is given only in dollars/month. This was necessary since fleets can compute their net expenses using either method.

Net expenses, using only incidental and standing expenses, less credits, came to $333.98 per car per month in this survey; last year's survey total was $221.42. When including the operating costs in net expenses, the figure is $466.18 per car per month. By comparison, the leasing companies reported net expenses of $406.85 and $407.97.

This year's report shows expenses for composite fleets, without separate figures for subcompact, compact, mid-size or large vehicles. Composite statistics are the overall fleet expenses regardless of the size of the vehicles in the fleet.

Canadian figures are not given this year. Too few responses were received to be representative.

Average Service Miles Per Car in Survey

	Business	Personal	Total
Mean	1,735	309	2,044
Median	1,719	300	2,019

1986 COMPOSITE FLEET OPERATING COSTS UNITED STATES FLEETS

	Cents/Mile	Dollars/Month*
OPERATING EXPENSES		
Fuel	.0430	$ 86.00
Oil	.0017	3.40
Tires & Tire Repair	.0040	8.00
Repair & Maintenance	.0174	34.80
Total Operating Expenses	.0661	$132.20
INCIDENTAL EXPENSES		
Licenses & Taxes	.0096	$ 19.20
Accident Repairs Less Recoveries	.0072	14.37
Washing	.0049	9.75
Parking & Tolls	.0074	14.76
Miscellaneous	.0023	4.57
Total Incidental Expenses	.0314	$ 62.65
STANDING EXPENSES		
Interest (Company Owned)	.0215	$ 42.98
Leasing Company Service Charge	.0284	56.73
Depreciation Reserve	.1024	204.65
Reconditioning	.0031	6.04
Insurance	.0181	36.07
Less Depreciation Adjustment	(.0129)	(25.75)
Total Standing Expenses	.1606	$320.72
CREDITS		
Personal Use	.0230	$ 45.88
Extra Equipment	.0018	3.51
Total Credits	.0248	$ 49.39
NET EXPENSES (with operating costs) (Operating + Incidental + Standing Expenses - Credits)	.2333	$466.18

* Based on an average of 2,000 miles per car per month

For a comparison of operating costs from 1983 through 1986 turn to page 20.

Operating Expense Survey *(Continued from page 16)*

COMPOSITE FLEET OPERATING COSTS
UNITED STATES FLEETS
1983-1986 COMPARISON

	1983	1984	1985	1986
OPERATING EXPENSES				
(Cents Per Car Per Mile)				
Fuel	.0579	.0560	.0656	.0430
Oil	.0016	.0012	.0036	.0017
Tires & Tire Repair	.0041	.0040	.0048	.0040
Repair & Maintenance	.0157	.0151	.0192	.0174
Total Operating Expenses	.0793	.0763	.0932	.0661
INCIDENTAL EXPENSES				
(Dollars Per Car Per Month)				
Licenses & Taxes	$ 9.95	$ 11.62	$ 16.69	$ 19.20
Accident Repairs Less Recoveries	8.85	8.74	11.59	14.37
Washing	4.12	4.25	5.55	9.75
Parking & Tolls	11.06	7.46	19.10	14.76
Miscellaneous	2.97	3.25	4.70	4.57
Total Incidental Expenses	$36.95	$ 35.32	$ 57.63	$ 62.65
STANDING EXPENSES				
(Dollars Per Car Per Month)				
Interest (Company Owned)	*	*	$ 20.00	$ 42.98
Leasing Company Service Charge	$ 72.05	$ 60.40	46.25	56.73
Depreciation Reserve	153.65	182.95	147.50	204.65
Reconditioning	5.04	11.46	5.00	6.04
Insurance	20.96	19.03	32.03	36.07
Less Depreciation Adjustment	(12.38)	(23.83)	(35.00)	(25.75)
Total Standing Expenses	$239.32	$250.01	$215.78	$320.72

*This figure not computed these years.

CREDITS				
(Dollar Return Per Car Per Month)				
Personal Use	$ 47.70	$ 45.42	$ 44.92	$ 45.88
Extra Equipment	*	*	7.07	3.51
Total Credits	$ 47.70	$ 45.42	$ 51.99	$ 49.39

*This figure not computed these years.

NET EXPENSES (Without Operating Costs)				
(Incidental + Standing Expenses – Credits)				
	$228.77	$239.91	$221.42	$333.98